Proposal to change the Civil Aviation Policy

626. SHRI S. PETER ALHPHONSE: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether Government have got any proposal to change the Civil Aviation Policy which was approved on 1.4.1997;

(b) if so, what is the policy for domestic civil aviation of the present Government; and

(c) what is the compulsion that warranted the change of policy in such short duration of time?

THE MINISTER OF CIVIL AVIATION (SHRI C.M. IBRAHIM): (a) to (c) No, Sir, Salient features of the policy on domestic air transport services approved in April, 1997 are annexed as statement (*see* below).

An exercise has been initiated by the Ministry to develop a comprehensive long-term national civil aviation policy, with a perspective of around 10 to 15 years. This will be finalised within 3 months.

Statement

Salient features of New Domestic Air Transport Policy

1. Foreign equity upto 40% and NRI/OCB investment upto 100% would be permitted in the domestic air transport services.
2. Equity from foreign airlines will, however, not be allowed directly, or indirectly, in the domestic air transport services.
3. The existing companies operating in the domestic air transport sector in which equity is held by foreign airlines, directly or indirectly, will be advised to disinvest equity held by foreign airlines, within a period of six months.
4. Barriers to entry and exit from this sector have been removed. There would only be a pre-entry scrutiny of applications to verify the financial soundness, maintenance, security and safety aspects of operations and human resources development proposed to be undertaken by the applicant.
5. Choice of the aircraft type and size be left to the operator.
6. To eliminate non-serious entrepreneurs and to achieve economies of scale, the minimum fleet size for a scheduled operator has been raised from the existing three (3) to five (5) aircraft and the minimum amount of the shareholders funds has been enhanced from existing Rs. 5 crores to Rs. 10 crores for aircraft of all-up-weight below 40,000 kgs and from Rs. 10 crores to Rs. 30 crores for aircraft of all up weight exceeding 40,000 kgs.
7. Total capacity in the air transport sector has been assessed on the basis of trend growth of traffic and projections made for at least a period of five years on annual basis. This information is being widely publicised to enable the entrepreneur to take investment decisions.
8. In the distribution of this predetermined capacity for induction, while preference will be given to Indian Airlines according to its fleet augmentation plan subject to its ability to do so, to meet a share of additional capacity that would emerge each year. The proposals of private operators for induction of capacity would be considered keeping in view the demand, load factor, past track record and financial soundness etc.
9. The present policy of route dispersal guidelines has been retained and is being strictly enforced. According to these guidelines, all scheduled operators are required to deploy in the North-East, Jammu & Kashmir, Andaman Nicobar Islands and Lakshadweep 10% of their capacity deployed on these specified trunk routes.

Present membership of Flying Returns Programme of Indian Airlines and Air India

627. SHRI V. RAJESHWAR RAO:
DR. SHRIKANT RAMCHANDRA JICHKAR:

Will the Minister of CIVIL AVIATION be pleased o state: